

**DEPARTMENT OF STATE REVENUE**

**LETTER OF FINDINGS NUMBER: 02-0410P  
Adjusted Gross and Supplemental Net Income Tax  
For Fiscal Years Ended 07/29/00 and 07/28/2001**

NOTICE: Under IC 4-22-7-7, this document is required to be published in the Indiana Register and is effective on its date of publication. It shall remain in effect until the date it is superseded or deleted by the publication of a new document in the Indiana Register. The publication of this document will provide the general public with information about the Department's official position concerning a specific issue.

**ISSUE(S)**

**I. Tax Administration – Penalty**

**Authority:** IC 6-8.1-10-2.1(d); 45 IAC 15-11-2

Taxpayer protests the penalty assessed.

**STATEMENT OF FACTS**

Taxpayer was assessed a penalty for the underpayment of quarterly estimated income taxes for the period ending July 28, 2001 and a penalty for failing to report and pay gross income tax for the years 2000 and 2001. Taxpayer failed to report sales shipped from within Indiana at the high rate of gross income, although it had property and inventories in the State of Indiana. Taxpayer paid tax on its adjusted gross income.

Taxpayer filed a penalty protest letter dated August 1, 2002.

**I. Tax Administration – Penalty**

**DISCUSSION**

Taxpayer protests the penalties assessed and requests a penalty waiver. No reasons were given in the letter. In a telephone conversation on September 17, 2002, taxpayer simply stated that he was unaware of Schedule A, and the income was already included in Adjusted Gross Income.

Taxpayer failed to report gross income subject to tax in Indiana and has not provided reasonable cause for its failure to do so. The failure to report gross income resulted in the taxpayer's failure to pay fourteen percent (14%) and thirty-six percent (36%) of its tax for fiscal years 2000 and 2002 respectively.

Taxpayer failed to pay one hundred percent of the prior years tax in estimated payments for fiscal year 2001 that resulted in an underpayment penalty.

Taxpayer has not provided reasonable cause to allow penalty waivers.

**FINDING**

Taxpayer's protest is denied.